

DURHAM



CITY OF DURHAM / NORTH CAROLINA

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CITY OF MEDICINE

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Kevin Dick, Director – Office of Economic and Workforce Development  
**Date:** March 7, 2011  
**Subject:** Proposed Revision to Economic Development Policy

### **Executive Summary**

This item proposes changes in the Resolution Establishing an Economic Development Financial Assistance and Incentive Policy for Job Creation and Capital Investment (“Policy”) that was approved by the Durham City Council in May 2010. The Office of Economic and Workforce Development (“OEWD”) has conducted a review of the City’s current policy and recommends changes and edits to the Policy to augment certain existing programs, and to provide greater clarity and consistency among all programs related to economic development incentives and financial assistance.

### **Recommendation**

Staff recommends that the City Council hold a public hearing on the proposed revised resolution; and, adopt the revised "Resolution Establishing an Economic Development Financial Assistance and Incentive Policy for Job Creation and Capital Investment." .

### **Background**

The City Council adopted a resolution on May 17, 2010 that revised the existing job creation, retention and investment incentive policy approved by City Council in 2008. Both policies made available the use of City funds to promote capital investment and the creation and retention of jobs in order to stimulate economic development for the benefit of the general public. Such benefits include job creation, population growth, an increase in taxable property and the business prospects in the City of Durham. The current policy is applicable in the following geographic areas of the City – the Downtown Development

Tier (including Parrish Street), the Community Development Area (CDA) outside the Downtown Development Tier (including targeted corridors) and targeted areas in the Urban Growth Area (UGA).

### **Issues and Analysis**

OEWD has contracted and/or been involved with certain economic development - related studies and plans that have been conducted over the past several years. Such documents have included the Downtown Master Plan Update (2008), the New Era on Parrish Street Plan (2006), the updated Unified Development Ordinance (2010), and the City Center Market Revitalization Study (2010). In addition to the economic development frameworks that have been established in these documents, OEWD has also taken feedback from various stakeholder groups that have prompted a review and modification of the policy that was adopted on May 17, 2010. Policy modifications focus on the following:

1. The need to clearly identify a section that details the criteria for Small Development Projects;
2. The need to omit job creation and job retention requirement under Small Development Projects and increase the maximum incentive percentage from 3% to 4.5 % of the non-residential capital investment to encourage development and the growth of entrepreneurs or micro-entrepreneurs that may not meet the 5 full-time jobs threshold;
3. A need to structure the policy to order the presentation of criteria for small, mid-size and major projects so that it is easier for potential applicants to understand;
4. The need to solidify a project completion timeframe stating projects must be completed no later than 12 months after City approval;
5. A need to change the name of the Merchandise-Based Improvement Project to Retail and Professional Services Grant, to make it clear that certain professional or personal services types such as childcare centers or beauty salons are allowed to apply;
6. The need to change the scope of the existing Sign Grant program to include façade improvements to encourage and assist business owners within the CDA and UGA in making front-face exterior improvements to their buildings. By making property improvements both possible and affordable, it is hoped that investment would be attracted to these areas to address slum/blight and assist the overall economic improvement of communities.

The grant program would be a matching grant of 50% owner investment and 50% grant funds with a maximum award of \$5,000.00. Funds for signage would be capped at \$2,500.00.

Qualifying façade improvements would be:

- a. Restoration, repair, or replacement of windows, doors, exterior walls, chimneys, or other architectural elements;
- b. Exterior painting;
- c. Signage, awnings, marquees, and related exterior lighting and electrical fixtures;
- d. Masonry repair and cleaning;
- e. Non-flat roof repair for portion noticeable from the public line of site;
- f. Exterior work necessary for conversion to a retail or entertainment storefront;
- g. Removal of modern facades, in order to restore back to vintage quality;
- h. Restoration of vintage elements;
- i. Removal of deteriorated building materials, such as plywood or metal;
- j. Property improvements, including landscaping, fencing, screening, and paving; and
- k. Parking lot improvements.

The proposed name for the revamped grant program is Sign and Façade Grant;

7. The need to broaden qualifying improvements to allow more inclusivity under the Merchandise-Based Improvement grant to allow applicants to benefit more from potential funds. Examples of proposed allowable improvements include HVAC, electrical and plumbing.
8. The need to include a statement reserving discretionary authority by the City when considering which projects to consider for funding.